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1 April 1961

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CENTRAL INTELLIGENCE BULLETIN



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Communist China: In contrast to Peiping's current propaganda attacks on the United States, Communist China's Foreign Minister Chen Yi told the Swedish ambassador on 21 March that an improvement in Sino-US relations "must come" and that there is "no risk of war" between the two countries over Taiwan. Despite his conciliatory tone, Chen avoided any suggestion that the Chinese were disposed to make any concession at this time to the United States. He implied rather that the next move was up to Washington, asserting that the United States had not yet reciprocated concessions already made by Peiping, such as the release of American prisoners after Hammarskjold's visit to China in 1955. (Back- up, Page 4)

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France-Algeria: The rebel Algerian provisional government's (PAG) 31 March announcement that it will cancel the scheduled negotiations with the French follows by one day the coordinated official announcements in Tunis and Paris that talks would begin on 7 April at Evian. The PAG position is apparently a reaction to French Minister for Algeria Joxe's confirmation that France has begun talks with other Algerian groups, despite recent rebel warnings that such action would jeopardize negotiations.

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USSR: A new large jet aircraft, probably a bomber, was recently seen outside the Fili bomber production plant in Moscow. This aircraft, which was not complete, had delta wings and a supersonic configuration. The fragmentary information on this aircraft available to date suggests that it may be a further development of an aircraft designated Bounder, with improved performance characteristics. The Bounder, a jet bomber, was seen at this same plant in August 1958 but was not put into series production. These recent observations make it clear that the USSR is continuing research and development in heavy bomber aircraft. Additional information is expected shortly which will permit a more detailed analysis.

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Africa: The anti-Western resolutions issued on 30 March by the Third All-African People's Conference in Cairo were even more extreme than the declarations of the previous meetings in 1958 and 1960. Delegations to the conference, which met from 25 to 30 March, were nongovernmental and consisted of 50 groups representing political parties and trade unions from 34 African states and territories. One resolution attacked American "Peace Corps" plans as designed to "reconquer and economically dominate Africa." The conference also called for the resignation of Secretary General Hammarskjold and the reorganization of the UN Secretariat. Although the conference does not represent the views of most responsible African officials, the resolutions reflect the opinions of a sizable and increasingly vocal body of Africans.

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Common Market - Greece: The treaty of association between the Common Market and Greece which was signed in

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[Brussels on 30 March may serve as a pattern for such agreements with other countries. Still subject to ratification by the Common Market's council of ministers, the agreement provides material benefits to Greece by way of extensive developmental aid and potential new export outlets. Preliminary talks on Turkish association with the Common Market are expected to resume on 10 April. Tunisia, Israel, and some of the newly independent countries in Africa have also expressed interest in association with the Common Market.]

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Peiping Underlines Basis for Better Relations With US

[The initiative for the conversation with the Swedish ambassador came from Chen Yi, who said that he was disappointed by a recent editorial in a leading Swedish newspaper which criticized the Chinese Communist attitude at the last Sino-US meeting in Warsaw. Concerned that the editorial might reflect official views in Stockholm, Peiping probably felt that a high-level exposition of its position was desirable to discourage any shift in Sweden's attitude of studied neutrality toward Sino-US relations.]

[In his remarks, Foreign Minister Chen Yi stressed the friendship of the Chinese and American people and said that the Peiping regime was prepared to "show patience" until there is a change in the US position. Peiping probably does not expect an early improvement in Sino-US relations and Chen himself last November suggested that it might well take a decade.]

[Chen deplored what he described as the failure of the Kennedy administration to show an "attitude of understanding" toward Peiping, citing the fact that it had not "softened" the US stand on Taiwan or Chinese representation in the UN. Current Chinese propaganda attacks the new American administration as "more aggressive" than the previous one and says it is busily preparing for both general and local wars.]

[The Chinese Communists make it clear that they regard the withdrawal of US support from Chiang Kai-shek as one of the very first steps to any improvement in Sino-US relations. They appear to reason that the American position in the Far East is weakening and that there is no necessity for concessions on their part. Peiping may, in fact, be stiffening its terms for an improvement in Sino-American relations. Chen was recently quoted as insisting that the US withdraw from Taiwan before Peiping takes a UN seat. The Chinese had previously insisted only on the prior withdrawal of Chiang Kai-shek's representatives.]

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French-Algerian Negotiations Canceled

This week's announcement of French plans to consult with "other tendencies" before and during the negotiations with the PAG probably was an attempt by Paris to define the limits of De Gaulle's concession on his original demand for a round-table conference. Substantive issues have until now been glossed over, and the rebels may have overestimated the degree of French acceptance of their proposals.

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[redacted] said [redacted] on 30 March--prior to the new rebel move--that he believed the PAG's first effort at Evian would be to attempt to gain recognition as a government, but that France had no intention of making such a concession. In contrast to his personal view, however, he said that the French Government was convinced that as early as September 1959--following De Gaulle's offer of self-determination--the PAG had decided to liquidate itself as a government following negotiations in order to participate as a political party in elections after self-determination.)

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[redacted] The PAG leaders have been deeply suspicious of French good faith since the failure of talks at Melun last June. They have long insisted that they were the sole spokesmen for the Algerian people, and undoubtedly felt that their prestige would suffer if after Joxe's statement they went to Evian without clear assurance that Paris would engage in substantive negotiations only with them. They may also feel that their desire to be regarded during negotiations not merely as representatives of a rebel force but as the acknowledged leaders of Algeria, capable of making binding decisions concerning the country's future, would have been jeopardized by the present conditions. Moreover, the bomb killing early on 31 March of the mayor of Evian, presumably by French rightists, may have caused the PAG leaders to doubt that the French Government is in a position to assure their safety on French territory.)

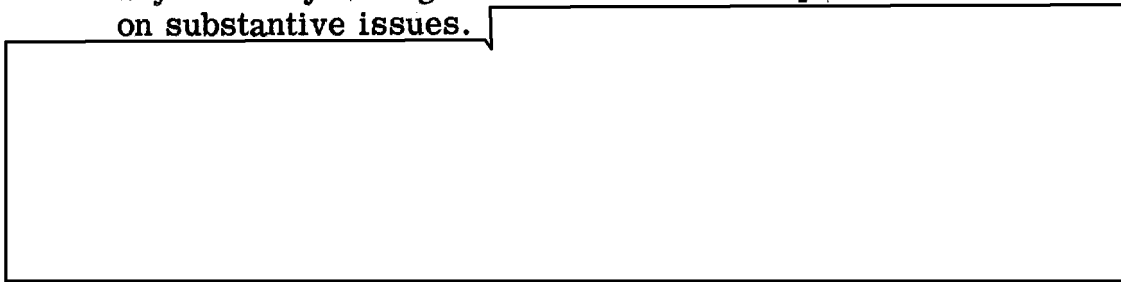
The PAG was probably particularly angered by Joxe's implication that the French intend to consult with Messali Hadj and other leaders of the Algerian National Movement

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(MNA), and the French may have miscalculated the depth of the PAG resentment. The MNA, established by Messali two years after the rebellion began, has been active mainly in the Algerian colony in France, where it has fomented an exchange of assassinations with Algerians loyal to the PAG. Within Algeria, however, its influence has been minimal, and virtually all Algerians who have actually fought against the French owe allegiance to the PAG.

There is also the possibility, however, that "hard" elements among the rebel leadership may have seized this opportunity to break off negotiations, hoping thereby to stifle any tendency among the moderates to compromise with France on substantive issues.

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Common Market and Greece Sign Association Agreement

[Greece's association with the European Common Market (EEC) has been the subject of laborious and frequently acrimonious negotiations since June 1959. Much of the difficulty has derived from Athens' demands for developmental aid and a privileged position for Greek exports, and from Italian concern over potential Greek competition in agricultural products. There has also been some political opposition among the six EEC countries--notably in the Netherlands and West Germany --to the principle of associations with individual countries.]

[These difficulties are fully reflected in the resulting agreement, which is said to run to more than 100 articles and which provides in general for an eventual Greek-EEC customs union. Greek industrial exports will benefit from the tariff reductions in the Common Market, and special provision has been made for increased EEC purchases of tobacco, the major Greek export item. Certain Greek industries will receive extended tariff protection from EEC competition, and over the next five years Greece will receive \$125,000,000 in long-term developmental loans. The major disadvantage to Greece appears to be Italy's successful insistence on "safeguards" against imports of Greek citrus fruit by the other five EEC countries.]

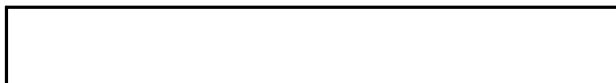
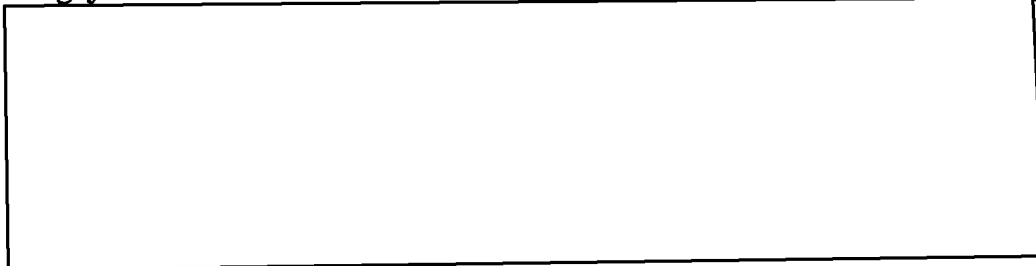
[While Athens has accordingly looked on the association agreement primarily in terms of its economic benefits, its importance to the EEC is principally political. Negotiations with other potential associates in the Mediterranean area--notably Turkey, Tunisia, and possibly Israel--have been in abeyance pending conclusion of the Greek agreement. Probably even more important, the agreement comes at a time when the EEC is increasingly preoccupied with its future associative ties with Africa, since the convention which linked the African territories of the EEC colonial powers with the Common Market expires in 1962. Many of these now-independent territories seem interested in continuing their EEC ties but will almost certainly insist on formal association agreements such as that concluded with Greece.]

[The Greek agreement may also strengthen the Common Market in its continuing rivalry with the European Free Trade]

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Association (EFTA or Outer Seven). EEC officials have long insisted that bilateral association with the Common Market is a real alternative to the EEC-EFTA merger sought by the Seven, and can now point to Greece as an instance of its feasibility. This example could conceivably become especially attractive to such EFTA countries as Austria which are increasingly restive over the lack of an EFTA agreement with the EEC.



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